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Director of Central Intelligence

FEB 7 1950

Assistant Director for Reports and Estimates

Expansion of Coverage in China

1. The recall of diplomatic and consular officers from Communist China will terminate, in the near future, State Department and Service Attache reporting from this critical area.

2. ORE has engaged in discussions with OSO and OO with a view to extending their collection capabilities to supply the coverage now accomplished by the State Department and Service Attaches. Satisfactory agreement has been reached [redacted] OO, and it is believed that further negotiations with other OO divisions will produce similar results.

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3. Inasmuch as all overt sources in China will soon be removed, all collection in the area [redacted] There is a critical need for OSO to expand its collection operations particularly in respect to the political, economic, and military fields of intelligence. OSO has indicated that it is in a position to undertake an expansion of reporting along these lines. However, it is ORE's understanding that such an expansion by OSO cannot be brought about without the approval of the Director of Central Intelligence.

4. It is essential in my opinion that OSO be authorized to extend its collection operations in China to provide the coverage ORE needs for the production of accurate and timely intelligence reports and estimates on this area.

5. It is, therefore, requested that you approve and transmit to the Assistant Director of Special Operations, the attached memorandum authorizing the expansion of OSO responsibilities and operations as set forth above.

6. In the event this extension of OSO's collection operations is approved, ORE will arrange with OSO to develop the precise categories of reporting that will be necessary.

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THEODORE BABBITT

Attachment: (1)

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6 Feb 50